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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In Re:)	Case No. BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY,)	Case No. BK-S-06-10726-LBR
<u>Debtor</u>)	Case No. BK-S-06-10727-LBR
In Re:)	Case No. BK-S-06-10728-LBR
USA CAPITAL REALTY ADVISORS, LLC,)	Case No. BK-S-06-10729-LBR
<u>Debtor</u>)	
In Re:)	Chapter 11
USA CAPITAL DIVERSIFIED TRUST DEED)	
FUND, LLC,)	Jointly Administered Under
<u>Debtor</u>)	Case No. BK-S-06-10725-LBR
In Re:)	
USA CAPITAL FIRST TRUST DEED FUND)	
LLC,)	
<u>Debtor</u>)	
USA SECURITIES, LLC,)	
<u>Debtor</u>)	
Affects:)	
USA CAPITAL REALTY ADVISORS, LLC)	DATE: June 15, 2007
)	TIME: 9:30 AM

UNITED STATES' RESPONSE TO OBJECTION OF USA CAPITAL REALTY
ADVISORS, LLC TO CLAIM FILED BY THE INTERNAL REVENUE SERVICE
(Affects USA Capital Realty Advisors, LLC)

1 THE UNITED STATES OF AMERICA, on behalf of its agency, the
 2 Internal Revenue Service (the Service), hereby responds to the
 3 OBJECTION OF USA CAPITAL REALTY ADVISORS, LLC TO CLAIM FILED BY
 4 THE INTERNAL REVENUE SERVICE (objection).

5 1. The objection concerns Claim Number 45-1 filed in the
 6 case of USA Capital Realty Advisors, LLC. The claim is an
 7 unsecured general claim in the amount of \$1,000.00. The claim is
 8 based on a penalty assessed on November 6, 2006. The penalty was
 9 assessed due to the debtor's failure to timely file its 2005 Form
 10 1065, U.S. Return of Partnership Income.

11 2. The objection states that the debtor is a "pass-through
 12 entity" for federal income tax purposes and cannot be liable for
 13 federal income tax—the liability is imposed on the partners. As
 14 a pass-through entity, the debtor does not owe federal income
 15 taxes; but it still has an obligation to file certain returns
 16 (including the Form 1065) and is subject to penalties for failure
 17 to timely file the returns. The penalty for failure to timely
 18 file the Form 1065 is a liability of the partnership. 26 U.S.C.
 19 §§ 6031 and 6698.

20 WHEREFORE, the United States requests that the objection be
 21 denied and that the Service's claim be allowed as filed and as
 22 reflected in Claim No. 45-1.

23 DANIEL G. BOGDEN
 24 United States Attorney

25 Date: May 10, 2007

26 By: /s/ Rollin G. Thorley
 ROLLIN G. THORLEY
 Special Assistant
 United States Attorney

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the following parties are listed as Filing Users who will receive notice of the foregoing document by electronic transmission of a Notice of Filing. If the following parties are not listed on a Notice of Electronic Filing, a separate certificate will be filed indicating the form of service on such parties:

ANNETTE W. JARVIS, Counsel for Debtor
STEVEN C. STRONG, Counsel for Debtor
LENARD E. SCHWARTZER, Counsel for Debtor
JEANETTE E. MCPHERSON, Counsel for Debtor
OFFICE OF THE UNITED STATES TRUSTEE

Dated: May 10, 2007

/s/ Rollin Thorley__